

Message Text

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17

ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

INR-07 NSAE-00 TRSE-00 OPIC-06 SP-02 CIEP-02 OMB-01

NSC-05 SS-15 STR-04 CEA-01 DODE-00 NSCE-00 SSO-00

USIE-00 INRE-00 /070 W

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O 180925Z AUG 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 6262H

INFO USDOC WASHDC

UNCLAS JAKARTA 10815

PASS EXIM

STATE FOR EA LES EDMOND

E.O. 11652: N/A

TAGS: EFIN, BEXP, ID

SUBJ: EXIM LOAN APPLICATION: GOI PURCHASE OF G.E. LOCOMOTIVES

REF: A) JAKARTA 10561, B) JAKARTA 8805, C) EXIM/GOI TELEX,
AUGUST 11, 1976, D) JAKARTA 0553

1. LAST NIGHT AT PRESIDENT SUHARTO'S INDEPENDENCE DAY DINNER
MINISTER COMMUNICATIONS EMIL SALIM SPOKE TO ME RE EXIM'S DECISION
(REF C) DENY LOAN
OF 21 GE LOCOMOTIVES AFTER NEARLY NINE MONTHS DIS-
CUSSION (REF D). SALIM BLUNTY INDICATED THAT HE HAS ALREADY INSTRUCT-
ED HIS STAFF TO BEGIN WORK ON SHIFTING THIS \$11,288,592 ORDER TO
HIBER TWO BIDDER UNLESS EXIM REVERSES ITS DECISION, AND HE GAVE ME
ONLY UNTIL MONDAY, AUGUST 23 COME BACK WITH FAVORABLE RESPONSE;

2. ORIGINAL 28 LOCOMOTIVE ORDER FUNDED BY IBRD LOAN HAS
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ALREADY BEEN SIGNED WITH GE AND THEREFORE HOPEFULLY NOT

REPEAT NOT ENDANGERED. HOWEVER, EQUIPMENT STANDARDIZATION WAS MAIN REASON FOR GOI AWARDED FOLLOW ON 21 LOCOMOTIVES TO GE; AND WE FULLY EXPECT EXIM REFUSAL FINANCE 21 WILL LEAD GOI ALSO DECLINE AWARD OTHER FUTURE LOCOMOTIVE ORDERS TO US BIDDERS. MOST IMMEDIATELY THREATENED IS 81 LOCOMOTIVE TENDER WORTH \$29 MILLION

FOR WHICH EXIM ISSUED PC NO. 76-0-3678. IF, AS TRADE SOURCES ALREADY INDICATES, GE WILL LOSE ALL PARTICIPATION IN 81 TENDER AS RESULT EXIM ACTION ON 21, THEN STANDARDIZATION ARGUMENT WILL TURN DECIDEDLY AGAINST US IN ANY SUBSEQUENT ORDERS AND IT LIKELY WE WILL BE LOCKED OUT OF FUTURE LOCOMOTIVE ORDERS EVEN IF EXIM SHOULD LATER DECIDE RECONSIDER SUCH LOANS.

3. SUCH RESULT WOULD INDEED BE SAD ENDING TO NEARLY TWO YEARS OF EMBASSY CONCENTRATED EFFORT (NOTED REF D) TO BREAK INTO INDONESIAN LOCOMOTIVE MARKET. I HOPE EXIM IS RECONSIDERING, AS REQUESTED IN REF A, AND THAT I CAN HAVE POSITIVE ANSWER FOR SALIM BEFORE MONDAY.
NEWSOM

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Message Attributes

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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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Margaret P. Grafeld
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